



Lektron, Inc.

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08 July 2004

TACOM-Rock Island
AMSTA-LC-CAC-B
Rock Island, IL 61299-7630

Attention: Debby Broyles

Subject: Order No. DAAE20-99-D-0105/0003

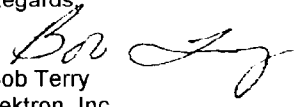
Ms. Broyles,

Per our phone conversation of 7 July 2004, Lektron, Inc. has previously shipped one hundred (100) units under the subject order. We have an additional nineteen units which we will present to the DCMC QAR this date. We also have four other units in final processing that should be available for shipment by 15 July 2004.

Due to test failures and damaged components we are going to be three assemblies short of the required quantity of one hundred twenty six units. The parts that we are short of are various quantities of connectors per drawings 12272030, 12272028, and 12272026. When purchased in small quantities these connectors are very expensive, but more detrimental to this situation the lead time for these parts is 18 – 20 weeks. We can procure the required items and complete this order but will require a delivery extension to remove this order from delinquency. However, if acceptable to the Government, if these three units are not urgently needed it would be acceptable to Lektron to reduce the order by three units.

If reduction is an acceptable alternative for the Government we request that this order be reduced to 123 ea., with no additional reduction in cost other than the cost of the three units. Please review and advise at your earliest convenience, if the final three units are required I will need to get an order placed as soon as possible.

Regards,


Bob Terry
Lektron, Inc.